

## Message Text

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ACTION OPIC-06

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FM AMEMBASSY TEGUCIGALPA  
TO SECSTATE WASHDC 9483  
INFO AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE TEGUCIGALPA 0974

SECSTATE ALSO FOR OPIC

GUATEMALA FOR ROCAP

E.O. 11652: N/A  
TAGS: EGEN, HO  
SUBJECT: EMPACADOR DEL NORTE, S.A. -- AGRARIAN REFORM

REF: STATE 031894

1. HONDURAN MEAT PACKERS, DEEPLY CONCERNED WITH ACREAGE LIMITATIONS UNDER NEW AGRARIAN REFORM LAW, HAVE OBTAINED POSITIVE INDICATIONS FROM GOVERNMENT THAT THEIR OPERATIONS WILL BE FAVORABLY TREATED. IN A SERIES OF NEGOTIATIONS WITH THE GOVERNMENT THE PACKING HOUSE REPRESENTATIVES HAVE OBTAINED ORAL COMMITMENT FROM THE CHIEF OF STATE THAT THEY CAN CONTINUE OPERATIONS AND HOLD ACREAGE ABOVE THE MAXIMUM AMOUNTS PROVIDED FOR IN THE AGRARIAN REFORM LAW.

2. THE MODE OF EXCEPTION IS TO PROVIDE ASSURANCES TO THE PACKING HOUSES THAT ARTICLE 39, WHICH PERMITS EXEMPTION TO MAXIMUM LAND HOLDING REQUIREMENTS, WILL BE GIVEN PRECEDENCE OVER OTHER LIMITING SECTIONS OF THE LAW. A FURTHER MEETING IS ANTICIPATED WITHIN THE NEXT TWO WEEKS TO COMPLETE THE DISCUSSIONS BETWEEN THE GOVERNMENT AND THE NATIONAL PACKERS ASSOCIATION.

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3. ARTICLE 39 PROVIDES THAT THE EXECUTIVE POWER CAN AUTHORIZE HOLDINGS IN EXCESS OF THOSE PERMITTED UNDER ARTICLE 25. IN ADDITION TO TECHNICAL AND CREDIT REQUIREMENTS, A BENEFACTOR MUST SHOW THAT HIS PROJECT HAS A VALUE OF MORE THAN \$375,000 AND THAT THE CAPITAL OF HIS COMPANY IS AT LEAST 51 PERCENT HONDURAN HELD AND, FINALLY, THAT THE ACTIVITY PRODUCES PRODUCTS OF PRIORITY FOR THE NATIONAL ECONOMY.

4. THE EMBASSY HAS NOT HEARD FROM EMPACADOR DEL NORTE CONCERNING ITS ATTITUDE TOWARDS THE CURRENT NEGOTIATIONS. ONE PACKING HOUSE SOURCE INDICATED TO US HIS CAUTIOUS SATISFACTION THAT AGREEMENT HAS BEEN REACHED ON THE ISSUE.

5. COMMENT: PACKING HOUSE AND PRIVATE SECTOR ORGANIZATION (COHEP) PARTICIPANTS VIEW GOVERNMENT ACTION AS EXTREMELY IMPORTANT. GOVERNMENT SHOW OF FLEXIBILITY PLACES A POSITIVE LIGHT ON AGRARIAN REFORM LAW THAT DID NOT PREVIOUSLY EXIST. ORGANIZED PRIVATE SECTOR HAD NEVER DISPUTED GOVERNMENT TAKING OF UNUTILIZED LANDS. IF FLEXIBILITY ON OTHER ONEROUS SECTIONS OF THE LAW IS EXERCISED BY GOVERNMENT, IT WOULD FACILITATE A WORKABLE PROGRAM. FURTHER ANALYSIS OF AGRARIAN REFORM LAW UNDER PREPARATION. ON SPECIFIC PROBLEM OF EMPACADOR DEL NORTE EMBASSY WILL SEEK FURTHER CONTACT WITH COMPANY.

SANCHEZ

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